

## Message Text

CONFIDENTIAL

PAGE 01 STATE 093310  
ORIGIN AF-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06  
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01  
PRS-01 NEA-10 /122 R

DRAFTED BY AF/S:WFEATON:SBA  
APPROVED BY AF:DBBOLEN  
TREASURY:SSOMMERFIELD(SUBS)  
AF/S:DKEOGH  
AF/E:PSMITH  
NEA/IRN:MGREENE

-----260719Z 118880 /21

R 260020Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LUSAKA  
INFO AMCONSUL CAPE TOWN  
AMEMBASSY LONDON

C O N F I D E N T I A L STATE 093310

E.O. 11652: GDS

TAGS: PFOR, ETRD, RH, ZA

SUBJECT:RHODESIA OIL SANCTIONS

REF: A. LUSAKA 9390; B. STATE 70291; C. LUSAKA 786

1. BEGIN UNCLASSIFIED. AS REQUESTED REFTEL A, FOLLOWING  
IS BACKGROUND ON ALLEGATIONS THAT MOBIL'S SOUTH AFRICAN  
SUBSIDIARY HAS BEEN INVOLVED IN SHIPMENTS OF PETROLEUM  
PRODUCTS TO RHODESIA. TESTIFYING BEFORE THE SENATE  
SUBCOMMITTEE ON AFRICAN AFFAIRS IN SEPTEMBER 1976,  
REV. LAROLD SCHULZ, THE EXECUTIVE DIRECTOR OF THE OFFICE  
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PAGE 02 STATE 093310

FOR CHURCH IN SOCIETY OF THE UNITED CHURCH OF CHRIST,  
STATED THE FOLLOWING: HE HAD BEEN CONTACTED IN APRIL 1976  
BY A REPRESENTATIVE OF OKHELA, AN UNDERGROUND ORGANIZATION  
COMPOSED OF MILITANT WHITE SOUTH AFRICAN SUPPORTERS OF  
THE AFRICAN NATIONAL CONGRESS OF SOUTH AFRICA, WHO SAID  
THAT OKHELA HAD OBTAINED INFORMATION ON THE METHOD THAT  
RHODESIA OBTAINED ITS PETROLEUM REQUIREMENTS IN SPITE OF

UN SANCTIONS. IN MAY OKHELA SENT TO HIM SOME 20  
PURPORTED MOBIL DOCUMENTS AND AN OKHELA MEMO SUMMARIZING  
ITS RESEARCH ON THE MOVEMENT OF OIL TO RHODESIA. ACCORD-  
ING TO OKHELA DOCUMENTS, SHORTLY AFTER UDI, A RHODESIAN  
GOVERNMENT AGENCY NAMED GENTA ASKED THE RHODESIAN SUBSI-  
DIARY OF MOBIL TO MAKE ARRANGEMENTS WHEREBY MOBIL SOUTH

AFRICA WOULD SELL TO GENTA MOST OR ALL OF RHODESIA'S  
REQUIREMENTS OF GASOLINE, DIESEL FUEL, AND AVIATION  
TURBINE FUEL. GENTA WOULD IN TURN RESELL THESE FUEL  
IMPORTS TO ALL OIL COMPANIES IN RHODESIA, INCLUDING MOBIL  
RHODESIA. A "PAPER-CHASE" SCHEME WAS ESTABLISHED WHEREBY  
SALES AND PAYMENTS WOULD BE PASSED THROUGH VARIOUS SOUTH  
AFRICAN COMPANIES ACTING AS MEDIARIES, PERMITTING MOBIL  
SOUTH AFRICA TO SELL TO A SOUTH AFRICAN COMPANY AND TO  
CLAIM THAT IT DID NOT KNOW WHAT THE SOUTH AFRICAN COMPANY  
DID WITH THE OIL. SHELL, BP, CALTEX AND TOTAL ESTABLISHED  
SIMILAR PROCEDURES TO GET OTHER OIL PRODUCTS TO RHODESIA.  
THE CHURCH OF CHRIST PUBLISHED THESE ALLEGATIONS IN A  
REPORT ENTITLED THE OIL CONSPIRACY IN JUNE AND TURNED THE  
INFORMATION OVER TO THE TREASURY DEPARTMENT AND THE US  
ATTORNEY GENERAL.

2. A VICE PRESIDENT OF MOBIL, GEORGE BIRRELL, TESTIFIED  
BEFORE THE CLARK SUBCOMMITTEE THE SAME DAY AS REV. SCHULZ.  
BIRRELL STATED THAT MOBIL INTERNATIONAL'S EFFORTS TO PROVE  
OR DISPROVE THE ALLEGATIONS HAD BEEN UNSUCCESSFUL BECAUSE  
BOTH MOBIL SOUTH AFRICA AND MOBIL RHODESIA WERE NOT  
PERMITTED UNDER OFFICIAL SECRETS ACTS IN FORCE IN BOTH  
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CONFIDENTIAL

PAGE 03 STATE 093310

COUNTRIES TO PROVIDE REQUESTED INFORMATION. MR. BIRRELL  
STATED HIS BELIEF THAT MOBIL SOUTH AFRICA WAS INNOCENT  
OF THE ALLEGATIONS BECAUSE MOBIL SOUTH AFRICA HAD ACCEPTED  
AND PERIODICALLY ASSERTED COMPLIANCE WITH A MOBIL POLICY  
IN EFFECT SINCE 1966 UNDER WHICH COMPANY AFFILIATES DO  
NOT SELL TO RHODESIA. MR. BIRRELL ALSO QUESTIONED THE  
AUTHENTICITY OF THE DOCUMENTS CONTAINED IN THE CHURCH  
OF CHRIST REPORT.

3. THE SEPTEMBER 1976 HEARINGS BEFORE THE SENATE SUBCOM-  
MITTEE ON AFRICAN AFFAIRS ON SOUTH AFRICA HAVE RECENTLY  
BEEN PRINTED. THE SUBCOMMITTEE MAKES NO RECOMMENDATIONS  
ON ANY SUBJECT. COPIES OF THE PRINTED HEARINGS WILL BE  
POUCHED TO ADDRESSEE POSTS. UNDER STANDING PRESS  
GUIDANCE, DEPARTMENT HAS DECLINED TO COMMENT ON MOBIL  
ALLEGATIONS PENDING OUTCOME OF TREASURY INVESTIGATION  
WHICH HAS BEEN IN PROGRESS SINCE JUNE.

4. BEGIN CONFIDENTIAL. AT REQUEST OF TREASURY, EMBASSY

PRETORIA WAS INSTRUCTED IN OCTOBER TO APPROACH SAG TO SEEK ITS ASSISTANCE IN WAIVING THE RESTRICTIONS OF THE OFFICIAL SECRETS ACT AND ITS COOPERATION IN RESOLVING IMPASSE BY OBTAINING CERTAIN DOCUMENTS FROM MOBIL SOUTH AFRICA AND PASSING THEM TO USG. IN NOVEMBER, SAG FORMALLY RESPONDED BY CONFIRMING THAT OFFICIAL SECRETS ACT PROHIBITED MOBIL SOUTH AFRICA FROM SUPPLYING REQUESTED

DOCUMENTS TO PARENT FIRM AND THAT SAG WAS NOT IN POSITION TO WAIVE THIS PROHIBITION OR INTERVENE IN MATTER IN ANY WAY.

5. EMBASSY LUSAKA SHOULD REALIZE THAT TREASURY DEPARTMENT'S RHODESIAN SANCTIONS REGULATIONS WOULD NOT NECESSARILY BE VIOLATED SIMPLY BY AN EXPORT FROM MOBIL SOUTH AFRICA TO MOBIL RHODESIA. HOWEVER, US LAW WOULD BE VIOLATED IF US PERSONS PARTICIPATED IN CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 093310

THE TRANSACTION OR IF US PRODUCTS WERE INVOLVED. DEPARTMENT POUCHING TO LUSAKA A COPY OF TREASURY DEPARTMENT'S RHODESIAN SANCTIONS REGULATIONS. DEPARTMENT BELIEVES THAT ONLY EFFECTIVE METHOD TO CUT OFF POL SUPPLIES TO RHODESIA WOULD BE A SAG DECISION TO OBSERVE UN SANCTIONS AGAINST RHODESIA. THE PROPOSAL FOR A "VOLUNTARY" LIMITATION OF CRUDE OIL SUPPLIES TO SOUTH AFRICA BY INTERNATIONAL OIL COMPANIES TO MEET SOUTH AFRICA'S CURRENT CONSUMPTION NEEDS IS IN OUR VIEW A NON-STARTER FOR THE FOLLOWING REASONS. SOUTH AFRICA'S POL REQUIREMENTS WOULD HAVE TO BE DETERMINED WITH EXACTNESS SINCE RHODESIAN POL REQUIREMENTS ARE A SMALL FRACTION, AT MOST 10 PERCENT, OF THOSE OF SOUTH AFRICA. FIVE INTERNATIONAL OIL COMPANIES BASED IN THREE COUNTRIES WOULD THEN HAVE TO AGREE ON THEIR RESPECTIVE SHARES OF SOUTH AFRICA'S POL REQUIREMENTS AND BE PREPARED TO RESIST CERTAIN SAG PRESSURE TO SPLIT THE UNIFIED POSITION OF THE OIL COMPANIES. SOUTH AFRICA WOULD STRONGLY OPPOSE ANY EFFORT TO REDUCE ITS IMPORTS OF CRUDE OIL AND WOULD LIKELY SEEK AND RECEIVE THE ASSISTANCE OF THE IRANIAN GOVERNMENT TO ASSURE CONTINUED IMPORTS OF CRUDE OIL AT LEVELS WHICH WOULD PERMIT THE ONGOING BUILD-UP OF A LARGE RESERVE OF CRUDE OIL STORED IN UNDERGROUND COAL MINES. WE BELIEVE THAT THE OIL COMPANIES WOULD BE EXTREMELY LOATH TO FACE SOUTH AFRICAN AND PROBABLY IRANIAN PRESSURE IN THE ABSENCE OF ECONOMIC SANCTIONS DIRECTED AT SOUTH AFRICA OR A SERIOUS INTERNATIONAL EMERGENCY. EVEN IF THE FIVE INTERNATIONAL OIL COMPANIES DID UNDERTAKE TO REDUCE IMPORTS TO SOUTH AFRICA, IT IS LIKELY

THAT SOUTH AFRICA COULD DRAW ON CRUDE OIL SOURCES  
IN IRAN NOT CONTROLLED BY THE INTERNATIONAL OIL  
COMPANIES. WE SEE LITTLE HOPE THAT IRANIAN GOVERN-  
MENT WOULD COOPERATE IN EFFORT TO LIMIT OIL EXPORTS  
TO SOUTH AFRICA GIVEN THE PRESENT LEVEL OF DISCREET  
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CONFIDENTIAL

PAGE 05 STATE 093310

SOUTH AFRICAN-IRANIAN COOPERATION BASED UPON COMMON  
ECONOMIC AND STRATEGIC INTERESTS.

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**TAGS:** PFOR, ETRD, RH, ZA, MOBIL, (SCHULZ, HAROLD)  
**To:** LUSAKA  
**Type:** TE  
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**Review Markings:**  
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